



# **Your Retirement Benefits**

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**Plan Member Services**

**HRM Pension Plan | March 19<sup>th</sup>, 2024**

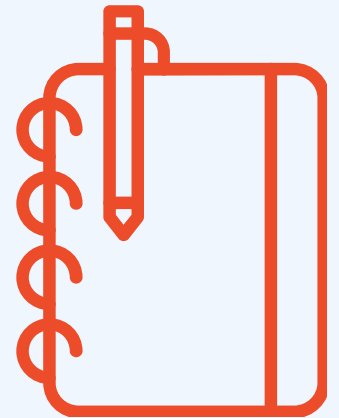
# Disclaimer

*This presentation is not complete without commentary. It is being provided for educational purposes only and is not intended to give advice. If you have specific questions about your personal situation, you should not rely upon this presentation but should contact the HRM Pension Office.*

*The information and Plan features explained in this presentation apply to pension benefits accrued to date in the current (HRM) Plan division. Provisions of the HRM Pension Plan are subject to change where allowed by the rules of the Plan text and pension law.*

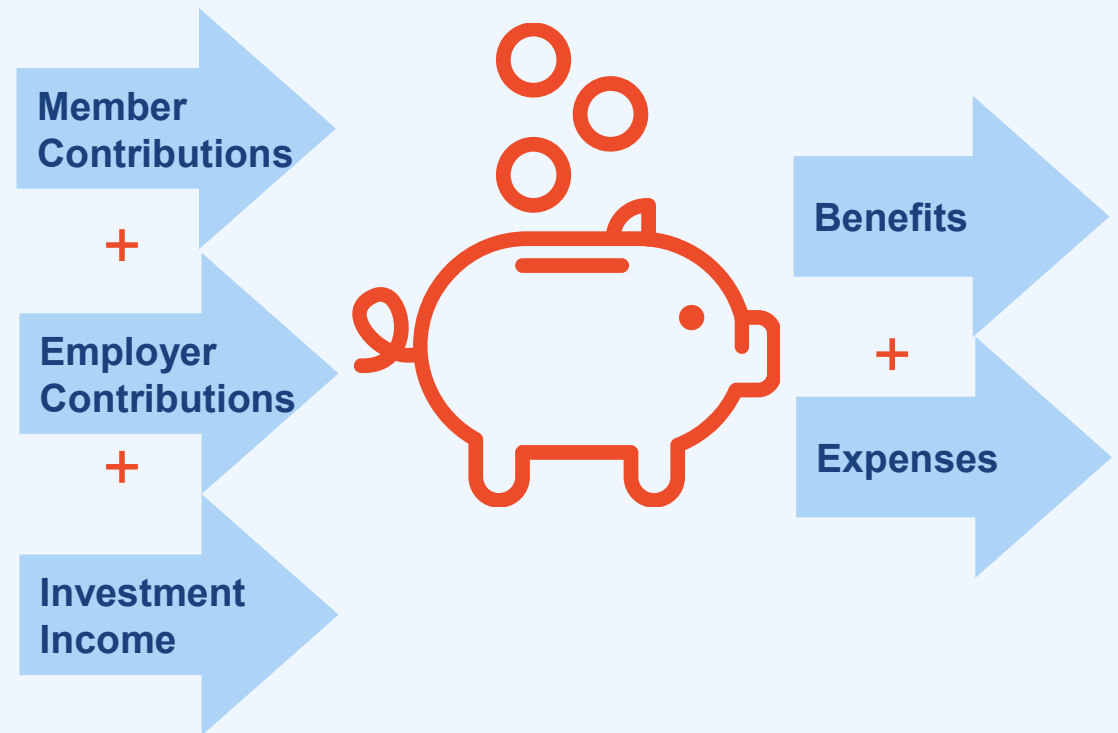
# What we'll cover today

- About your pension
  - When can I retire?
  - How is my retirement benefit/pension determined?
  - What about my Defined Contribution (DC) account?
- What happens if I...
  - Leave the Plan
  - Die before/after retirement
- Website/other resources
- When you decide to retire....



# How is my retirement benefit determined?

- Defined benefit (DB) pension plan
- Fixed monthly benefit at retirement, based on a formula
- Employees and employers contribute equally
- Current contribution rate for members joining in 2024: 12.21% of regular pay (PSO: 12.56%)



# Pension Formula

## Best Average Earnings (“BAE”)

- Average annualized earnings over 3 highest-paid consecutive years

## Credited Service

- Period of time employed while a member and making required Plan contributions
- No maximum number of years

$$\text{Annual Pension} = 2\% \times \text{BAE} \times \text{Credited Service}$$

# When can I retire?

- **Normal Retirement Date (NRD): Age 65** (60 for PSO members)
  - No reduction in pension
- **Early Retirement Date: Age 55** (50 for PSO members)
  - Subject to reduction of 6% per year if member has not reached Optional/Unreduced Retirement Date
- **Optional/Unreduced Retirement Date: Rule of 80** (75 for some PSO members) **or Age 60**
  - Continuous employment service + age = 80 (or 75); no minimum age; or
  - Age 60
  - No reduction in pension

# When can I retire?

- **Postponed Retirement Date: After NRD**
  - If still employed at age 71, member is considered to have retired on postponed retirement date (pension must start in year member reaches age 71)

# Service Types

## Credited Service

- Period continuously employed while a Plan member and making required contributions
- Pro-rated for part-time employees based on hours worked
- Service used in pension formula

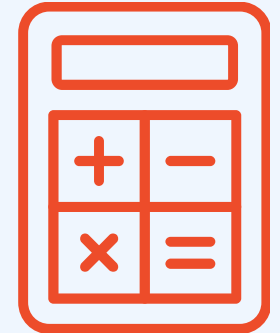
## Continuous Service

- Period during which a person is continuously employed, including leaves of absence
- Calculated from most recent date of hire
- Used to determine eligibility for unreduced retirement



# Pension and Points Calculation – Non-PSO

- Date of Birth: April 25, 1972
- Date of Hire: April 25, 2004
- Date of Membership: April 25, 2005
- Best Average Earnings \$60,000

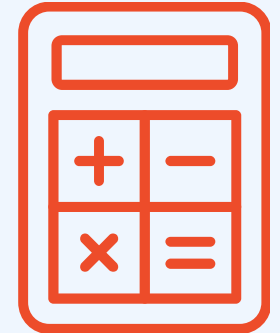


*\* All dates and amounts assume full time service and continued membership to those dates*

Milestone Date (Age)	Continuous Service	Points (Age + Service)	Credited Service	Annual Pension	Reduction	Reduced Pension
<b>NRD (Age 65):</b> May 1, 2037	33		32	$2\% \times \$60,000 \times 32$ = \$38,400	0%	\$38,400
<b>URD (Age 56):</b> May 1, 2028	24	80	23	$2\% \times \$60,000 \times 23$ = \$27,600	0%	\$27,600
<b>ERD (Age 55):</b> May 1, 2027	23	78	22	$2\% \times \$60,000 \times 22$ = \$26,400	$\frac{1}{2}\% \times 12\text{mths}$ = 6%	\$24,816

# Pension and Points Calculation – Non-PSO

- Date of Birth: June 15, 1970
- Date of Hire: June 15, 2015
- Date of Membership: June 15, 2016
- Best Average Earnings \$60,000

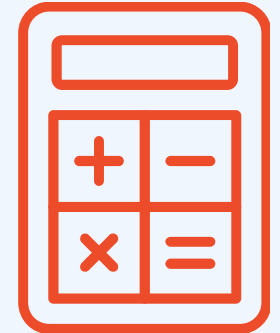


*\* All dates and amounts assume full time service and continued membership to those dates*

Milestone Date (Age)	Continuous Service	Points (Age + Service)	Credited Service	Annual Pension	Reduction	Reduced Pension
<b>NRD (Age 65):</b> July 1, 2035	20		19	$2\% \times \$60,000 \times 19$ = \$22,800	0%	\$22,800
<b>URD (Age 60):</b> July 1, 2030	15	75	14	$2\% \times \$60,000 \times 14$ = \$16,800	0%	\$16,800
<b>ERD (Age 55):</b> July 1, 2025	10	65	9	$2\% \times \$60,000 \times 9 =$ \$10,800	$\frac{1}{2}\% \times 60\text{mths} =$ 30%	\$7,560

# Pension and Points Calculation – PSO

- Date of Birth: April 25, 1975
- Date of Hire: April 25, 2007
- Date of Membership: April 25, 2008
- Best Average Earnings \$60,000



*\* All dates and amounts assume full time service and continued membership to those dates*

Milestone Date (Age)	Continuous Service	Points (Age + Service)	Credited Service	Annual Pension	Reduction	Reduced Pension
<b>NRD (Age 60):</b> May 1, 2035	28		27	2% x \$60,000 x 27 = \$32,400	0%	\$32,400
<b>URD (Age 53.5):</b> Nov 1, 2028	21.5	75	20.5	2% x \$60,000 x 20.5 = \$24,600	0%	\$24,600
<b>ERD (Age 50):</b> May 1, 2025	18	68	17	2% x \$60,000 x 17 = \$20,400	½% x 42mths = 21%	\$16,116

# Maximum Pension

- *Income Tax Act* limits annual pension that can be paid per year of credited service by a DB plan
  - 2024 limit: **\$3,610 per year of credited service**
- With 2% pension formula, limit affects members with **average annualized earnings of \$180,500 or higher**, if retiring in 2024
  - $\$180,500 \times 2\% = \textbf{\$3,610}$
- No contributions required on earnings above limit

# Maximum Pension - Example

- Member retiring in 2024
  - Credited service: 33 years
  - Best average earnings: \$185,000
  - Pension formula:  $2\% \times \$185,000 \times 33 \text{ years} = \$122,100$

**Maximum annual pension = \$119,130**  
**(\$3,610 x 33 years)**

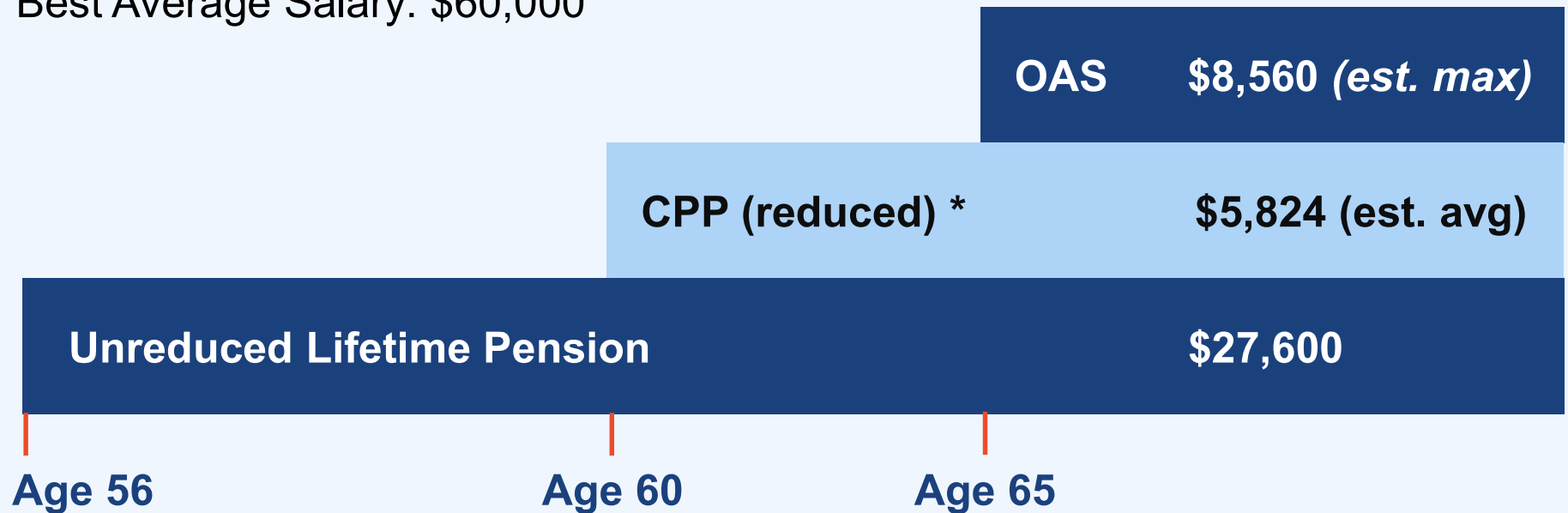


# Pension Indexing After Retirement

- Indexing is an annual increase in pension due to increase in the cost of living
- Indexing is not guaranteed or funded for under the Plan
- Subject to Committee approval
- Dependent on Plan's financial health
- Capped at lesser of:
  - 6%; and
  - Aggregate increase in CPI from member's retirement date

# Total Retirement Benefits Example

- Age: 56 (with 80 points)
- Credited Service: 23 years
- Best Average Salary: \$60,000



Sum of HRM Pension Plan and government sponsored benefits in this example is \$41,984.

*\* This example provides for a 36% reduction in CPP for starting early. CPP can begin as early as age 60 at a reduced rate (0.6% for each month you receive your CPP pension before age 65). Alternatively, it can increase by 0.7% for each month you delay past age 65.*

# Defined Contribution Accounts

- Member can contribute on overtime or other non-regular earnings (e.g., bonus, lump sum payout of vacation time)
  - Matched by employer at 6.3% each
- Police officers can contribute extra-duty earnings
  - No employer matching (12.6% employee)
- Member can:
  - Transfer balance to Locked-In Retirement Account (LIRA) at termination/retirement
  - Use it to purchase additional pension (purchased with account value at retirement)



# Service Purchases (buybacks)

- Subject to certain limits under *Income Tax Act*, members can purchase credited service under the Plan
- For example:
  - Approved leaves when member did not contribute
  - Service with the employer prior to joining the Plan
  - Prior periods of service under the HRM Plan for which member was paid out when employment ended
  - Certain periods of employment with other employers

***Important:* Buying back credited service increases pension but does not allow member to retire earlier**

# Reciprocal Transfers

- Members can transfer service between participating pension plans
- Provides members with credited and continuous service
- Reciprocal transfer agreements in place with:
  - Province of Nova Scotia (incl. many public authorities)
  - Federal Public Service Superannuation Plan
  - Ontario Municipal Employees Retirement System
  - Province of Newfoundland and Labrador
- **Contact HRM Pension Plan Office** for info on eligibility and procedures
  - Administration fee for transfer of service

# What happens if I leave the Plan?

## If you are not retirement-eligible....

1. **Deferred pension** payable unreduced at NRD  
(age 65 for non-PSO Members; age 60 for PSO Members)
  - Can start receiving deferred pension up to 10 years earlier
  - 6% reduction for each year actual retirement date precedes NRD plus pension that can be purchased with DC account (*if applicable*); or
2. **Commuted value** of deferred pension and value of DC account (*if applicable*) transferred in a lump sum to:
  - Locked-in retirement account;
  - An insurance company to purchase an annuity; or
  - Another registered pension plan, if accepted by plan

**Portability** = Ability to transfer commuted value of a deferred pension

# Small Pension Rule

- Commuted value payments must usually be locked-in (*can't be accessed by member until retirement*)
- Will be unlocked (*payable in cash*) if:
  - Annual lifetime pension payable at NRD is **less than 4% of YMPE; or**
  - Commuted value is **less than 20% of the YMPE** in year of termination
  - YMPE 2024: 68,500
  - For terminations that occur in 2024,
    - Annual pension less than \$2,740 or
    - CV less than \$13,700



# What happens if I die before retirement?

## With a Spouse

- Spouse can elect to receive:
  - Commuted value of member's deferred pension; or
  - Equivalent immediate pension or deferred pension

## Without a Spouse

- Designated beneficiary or estate receives commuted value of member's "entitlement"

# What happens if I die after retirement?

## With a Spouse

- 66.67% of member's pension continues to surviving spouse for life after member's death (must be spouse named at date of retirement)

## Without a Spouse

- Payments guaranteed for 10 years
- Value of balance of guaranteed payments payable to designated beneficiary or estate
- In either case, minimum guaranteed payments of *at least* member contributions with interest to date of retirement

# Definition of Spouse

## Either of two persons who:

- (i) are married to each other,
- (ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity,
- (iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, where they have ceased to cohabit, have cohabited within the twelve-month period immediately preceding the date of entitlement,
- (iv) are domestic partners within the meaning of Section 52 of the Vital Statistics Act, or
- (v) not being married to each other, cohabited in a conjugal relationship with each other
  - (A) for a period of at least three years, if either of them is married, or
  - (B) for a period of at least one year, if neither of them is married.

# Marriage Breakdown

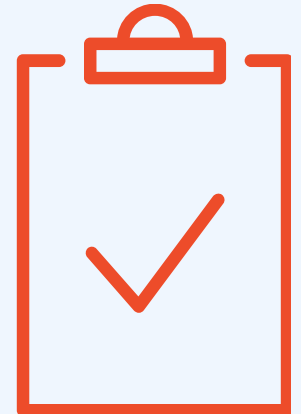
- ***If your marriage or common-law relationship ends***, your former spouse or common-law partner may be entitled to up to 50% of pension benefits earned while you were together and a Plan member
- ***If you have a court order or separation agreement providing for division of pension benefits***, send a copy to the HRM Pension Plan Office ASAP





# Spouse & Beneficiary Designation

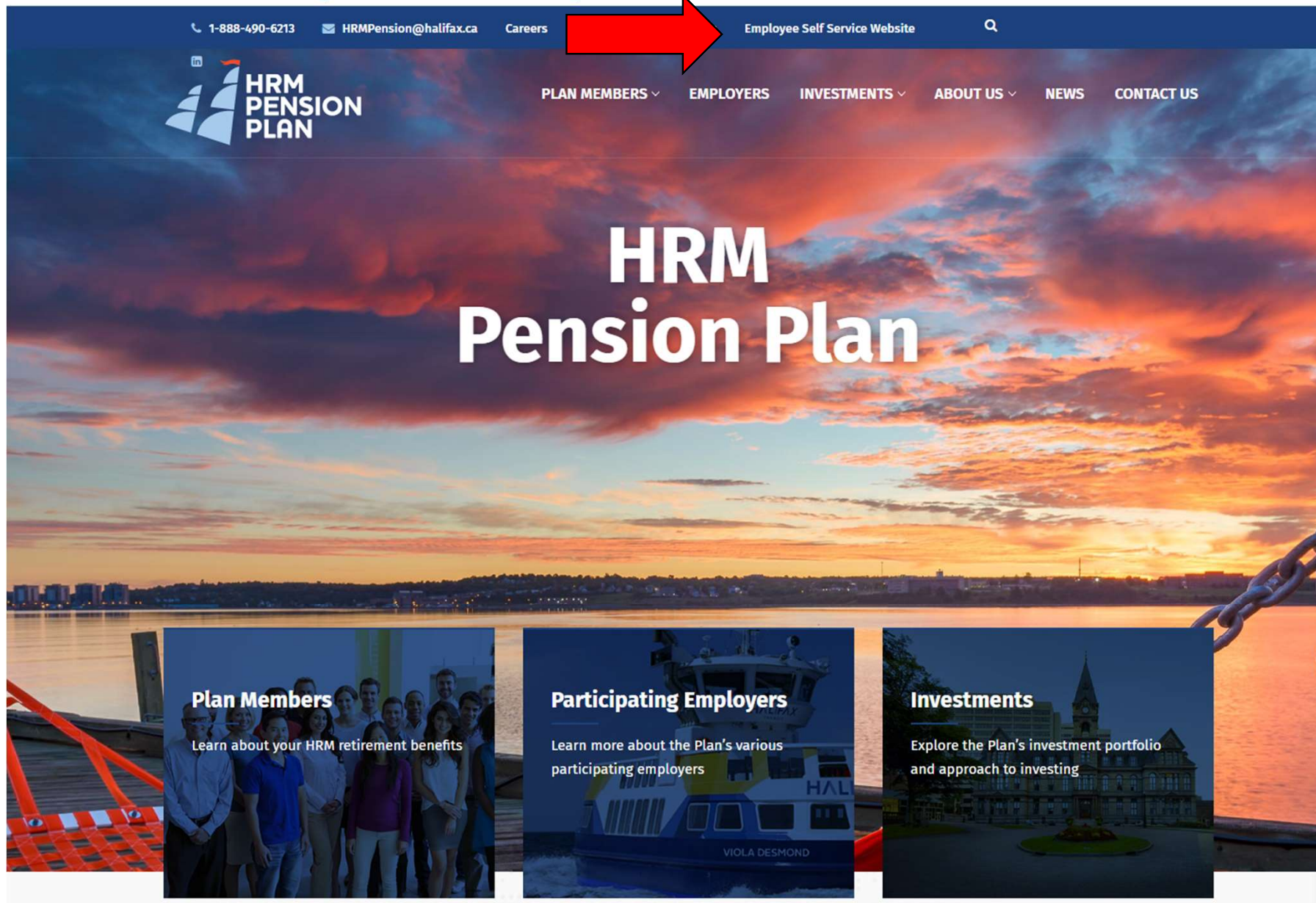
- Benefits may be paid to spouse or designated beneficiary (including estate)
  - Spouse has first right to survivor benefits
  - Designated beneficiary can be changed
- Always ensure administrator is informed of changes
  - Entitlement can be contentious
- Recipient will depend on marital status at **earlier of:**
  - Retirement date; or
  - Date of death



# Retirement Estimates

- Found on your annual pension statement
- Can be calculated using the “Retirement Modelling” tool on HRM Pension Plan website: [www.hrmpensionplan.ca](http://www.hrmpensionplan.ca)  
*(once you have received your first annual pension statement)*
- Pension Office staff can calculate estimates (by request) within 2 years of proposed retirement date
  - Benefit amount gross and net of taxes provided

# www.hrmpensionplan.ca



Your Retirement Benefits

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# Retirement Calculator



## Login

User Name:

Password:

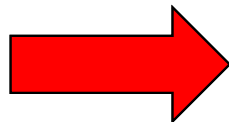
Please remember that your password is case-sensitive.

Login

> Click [here](#) if you forgot your password.

> Click [here](#) to bookmark this page.

Welcome to the HRM Pension Plan Employee Self-Service Website! If this is your first visit, please [Register Now](#)



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Your Retirement Benefits

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# Retirement Calculator





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**Retirement Modeling**

Retirement Milestones

HRM Benefit Estimate

Retirement Planning

Past Calculations

**Welcome to the HRM Pension Plan Retirement Planning Tool**

**General Information**


Frequently Asked Questions:  
We have provided easy access to several Frequently Asked Questions.

Links and Documents:  
Here you have access to links to useful sites and can download useful forms.


Questions:  
If you have any questions, please contact [HRMPension@halifax.ca](mailto:HRMPension@halifax.ca)

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### Retirement Modeling




**Retirement Milestones**  
Find out when you will reach important milestones towards your retirement.



**HRM Benefit Estimate**  
Estimate your benefit payable from the HRM Pension Plan.



**Retirement Planning**  
Find out if you are saving enough for retirement by modeling different savings scenarios with your personal information, including your retirement savings and Government benefits.



**Past Calculations**  
View results from calculations you have run in the past.

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# When you decide to retire....

- Advise your employer **3-6 months** before effective date
- Advise **HRM Pension Plan Office:**
  - **902-490-6213/1-888-490-6213**
  - **902-490-5597 (fax)**
  - **[hrmpension@halifax.ca](mailto:hrmpension@halifax.ca)**
- Receive retirement statement and forms approximately 45 days prior to actual retirement date



# When you decide to retire....

- Copies of documents:
  - Birth certificates or passports - you and spouse (*if applicable*)
  - Void cheque for direct deposit
- Northern Trust Canada Ltd. will start pension on 1st business day of month following date of retirement

## Key contacts:

**Northern Trust: 1-800-711-1101**

**HRM Pension Plan Office: 490-6213 or 1-888-490-6213**



# Other Considerations

- ✓ Do you have any pension benefits in a former employer's pension plan?
- ✓ Have you talked to a financial advisor? Do you know your options?
- ✓ How much can you expect from government plans (ex. CPP, OAS)?
- ✓ Are you eligible for any lump sum payments (e.g., pre-retirement leave, severance pay, accrued vacation) from your employer?
- ✓ How much tax will you pay on your retirement income?
- ✓ Will your benefits coverage (medical, dental, life) continue?
- ✓ Do you have a will?
- ✓ Are you mentally prepared for retirement?
  - ✓ Employer-sponsored EAP may provide pre-retirement counselling

# Questions?

